

## Insurance Facts For Nebraska Consumers

The Nebraska Department of Insurance regulates the business of insurance in this state. Within applicable insurance laws, Department personnel assist and inform to protect the interests of insurance consumers. We have formulated some common questions regarding insurance company insolvencies. Please feel free to contact us with any questions that arise. Statutory changes may alter or invalidate information provided in this brochure.

Neither the Nebraska Life and Health Insurance Guaranty Association nor the Nebraska Property and Liability Insurance Guaranty Association are any agency of or backed by the State of Nebraska.

## Questions and Answers Concerning Insurance Company Insolvency

### Q. What happens when a company becomes insolvent and is liquidated?

- A. Liquidation is similar to bankruptcy. When a company is liquidated, the Insurance Department gathers the company's money and assets and determines what liabilities, such as bills and claims payments, exist. A plan is then developed for submission to the court which will allow distribution of the company's assets according to established law. When the court approves the plan, the money from the company's estate can be distributed.

### Q. If the company is placed into liquidation, will my claims be paid?

- A. When an insurance company **licensed** to do business in Nebraska is placed into liquidation by the court, claim payments are generally provided by guaranty funds. Monies necessary to pay these claims are raised by making assessments against other Nebraska licensed insurance companies. These funds are a safety net for consumers insured by insurance companies licensed in Nebraska. Payment is made based on limits established by law. The guaranty fund becomes a creditor of the liquidated estate of the company.

***Certain types of insurance policy contracts may not be covered.***

### Q. Will my claim be paid in full?

- A. The amount paid on your claim depends on the type of insurance policy you have with a licensed insurance company that has been determined to be insolvent. The various types of insurance are divided into two general categories:

- (1) life, accident, and health insurance; and
- (2) property and liability insurance.

Two guaranty associations exist to handle claims in these categories.

**The Nebraska Life and Health Insurance Guaranty Association** handles life, annuity, accident and health insurance claims. Examples of the types of insurance that fall under this guaranty fund are life, accident, disability, and medical insurance.

For Nebraska residents, this fund will pay according to the provisions of your policy, but not to exceed: \$300,000 in life insurance death benefits, \$100,000 in present value of annuity benefits, \$500,000 in health insurance benefits, with \$300,000 aggregate for life/annuity benefits and \$500,000 aggregate for life/annuity/health benefits. Some exceptions or limitations may apply.

**All payments are subject to the terms and provisions of the Nebraska Life and Health Insurance Guaranty Association Act. The obligation assumed by this association will be no greater than that provided under your policy.**

**The Nebraska Property and Liability Insurance Guaranty Association** handles property and liability insurance claims. Examples of the types of insurance that fall under the guaranty fund are automobile, homeowners, liability and workers' compensation insurance.

For Nebraska residents at time of loss or for property permanently located in Nebraska, policy provisions describe covered claims, then this fund pays in excess of \$100, up to \$300,000 or the policy limit, whichever is less, except it will pay the amount required by law on any covered claim arising out of a workers' compensation policy. Payments will also be made on covered claims for unearned premiums in excess of \$100 and less than \$10,000 per policy. Some exceptions or limitations may apply.

**All payments are subject to the terms and provisions of the Nebraska Property and Liability Insurance Guaranty Association Act. The obligation assumed by this association will be no greater than that provided under your policy.**

Neb.Rev.Stat. §44-2401 through §44-2418.

### Q. How long will it take for claims to be paid by the guaranty fund?

- A. If a company licensed in Nebraska is placed into liquidation, the guaranty fund is typically activated to pay claims as soon as the court orders the liquidation. Claim payments will begin when feasible after the court order is issued.

**Q. How can I contact the guaranty funds?**

A. You may call or mail questions or claims to:

1. Pamela Epp Olsen  
Nebraska Life and Health Insurance  
Guaranty Association  
1900 US Bank Building  
233 South 13th Street  
Lincoln, Nebraska 68508  
402-474-6900

or

2. L. Dean Fletcher  
Nebraska Property and Liability  
Insurance Guaranty Association  
1610 South 70th Street, Suite 100  
P.O. Box 57006, Station C  
Lincoln, Nebraska 68505  
402-483-2202

**Q. Do I have guaranty fund protection if I bought insurance from an unlicensed insurance company?**

A. No. Unfortunately, when an insurance company is not licensed, policyholder claims are not covered by guaranty funds. This means that claims must be paid from the estate of the liquidated unlicensed entity. As a result, policyholders may not receive any payment or only partial payment for their claims.

**Q. How can I determine if my insurance company is licensed and solvent?**

A. You can check several sources to determine if your insurance company is licensed and solvent.

1. Ask your insurance agent or broker.
2. Contact the insurance company.
3. Review insurance company rating publications at your local library.
4. Call the Nebraska Department of Insurance at 402-471-2201, or toll-free at 1-877-564-7323. The Department can tell you if the company is licensed in Nebraska.

The fact that an insurance company is licensed does not guarantee that it will always remain solvent. It does mean, however, that claims will come under the guaranty fund(s) if an insolvency occurs. This safeguard is not available for policyholders of unlicensed insurance companies.

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***Information provided herein is not intended to be an advertisement for or an endorsement of any firm, individual or product.***

**Nebraska Department of Insurance  
Terminal Building  
941 “O” Street, Suite 400  
Lincoln, Nebraska 68508-3639  
402-471-2201  
Fax: 402-471-4610**

**Consumer Hotline: 1-877-564-7323  
TDD: 1-800-833-7352  
VOICE: 1-800-833-0920**

**Web site: [www.nol.org/home/ndoi](http://www.nol.org/home/ndoi)**

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# Guaranty Fund Protection

## Questions and Answers Concerning Insurance Company Insolvencies



State of Nebraska  
Department of Insurance

Mike Johanns, Governor  
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